

MINUTES

MONTANA SENATE 58th LEGISLATURE - REGULAR SESSION

COMMITTEE ON AGRICULTURE, LIVESTOCK AND IRRIGATION

Call to Order: By **CHAIRMAN KEITH BALES**, on March 28, 2003 at 3:30 P.M., in Room 422 Capitol.

ROLL CALL

Members Present:

Sen. Keith Bales, Chairman (R)
Sen. Dale Mahlum, Vice Chairman (R)
Sen. Ken (Kim) Hansen (D)
Sen. Sam Kitzenberg (R)
Sen. Walter McNutt (R)
Sen. Linda Nelson (D)
Sen. Gerald Pease (D)
Sen. Mike Taylor (R)
Sen. Joseph (Joe) Tropila (D)

Members Excused: Sen. Corey Stapleton (R)

Members Absent: None.

Staff Present: Jennifer Stephens, Committee Secretary
Doug Sternberg, Legislative Branch

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing & Date Posted: HB 648, 4/11/2003
Executive Action:

HEARING ON HB 648

Sponsor: REP. CINDY YOUNKIN, HD 28, BOZEMAN

Proponents: Jane Mersen, Attorney, TransOva, Pro Edge
John Cadby, MT Bankers Association
John Franklin, 1st Interstate Bank, Sidney
Steve Pilcher, MT Stockgrowers Association
Keith Colbo, MT Independent Bankers
Tim Gill, MT Livestock Credit Union
Phillip Johnson, President, Sidney 1st Interstate Bank
Ed Gilcrest, MT Bankers Association

Opponents: None

Opening Statement by Sponsor:

REP. CINDY YOUNKIN, HD 28, BOZEMAN, explained that HB 648 had to do with adding the words "embryos" and "semen" to agister liens. She said it is important to keep in mind the historical perspective of agister liens because in the past, there was very little concept there would ever be the marketability of semen and embryos. Moving into the 21 century, companies and businesses that collect, process, and store embryos and semen have found themselves in the same position like a lot of other businesses. Specifically, sometimes customers don't want to pay them, leaving them with a product they can't do anything with. In order for them to remedy this problem, they need to be able to have the opportunity to recoup some of their expenses. She explained that a meeting took place right before the hearing that cleared up much of the debate between the bill's proponents and opponents. She said there were many issues that needed to be resolved between the attorneys and many Montana banking associations. She asked the committee to amend the bill on page 2, line 27 where it says "120 days". She wanted it to be changed to read "30 days". Also, she asked that the word "receiving" be replaced with "harvesting or collecting."

Proponents' Testimony:

Jane Mersen, Attorney, TransOva, Pro Edge, explained that reproductive technology businesses have really expanded in Montana. She said that reproductive technology is a large part of Montana's agriculture business, specifically in the purebred cattle business. She explained that cows are brought to an embryo lab where they are put on a series of shots. The cows are then inseminated. Later the embryos are harvested from the cow

and are graded according to their hardness. The process takes an average of 40 to 45 days. She agreed with the proposed amendment that **REP. YOUNKIN** mentioned in her opening. She ended by saying the lien laws needed to be changed to include embryos and semen.

John Cadby, MT Bankers Association, said at first he had come as an opponent, but because of the new amendment, he was going on record as being in favor of the bill. He also gave examples of how the bill would update current agister lien laws. He explained that his association has no problem with people having the authority to get liens as requested. The problem, he said, is a matter of who has priority. He pointed out that to wait 120 days for notice that a person is going to file a lien is not fair to the bank. He said that is just too much time. He added that Montana is the first state to implement a centralized, electronic, liens system.

John Franklin, 1st Interstate Bank, Sidney, said he has no problems with the bill as amended. He explained that the lien date had to be changed to 30 days because the banking associations and the farm credit services need a more reasonable date. He also offered to answer any questions.

Steve Pilcher, MT Stockgrowers Association, said he agrees that times are changing and stressed the importance of the bill. He also said he was in favor of the amendments.

Keith Colbo, MT Independent Bankers, said he supported the bill with the new amendments.

Tim Gill, MT Livestock Agriculture Credit, said he had come to the hearing to testify as an opponent but due to the changes proposed in the new amendment, he wanted to go on record as being in favor of the bill.

Phillip Johnson, President, Sidney 1st Interstate Bank, said he supported the bill as amended.

Ed Gilcrest, MT Bankers Association, said he supported the bill as amended.

Informational Testimony:

Barbara Broberg, Women Involved in Farm Economics, submitted a definition of the word "agister", **EXHIBIT**(ags66a01).

Questions from Committee Members and Responses:

SEN. DALE MAHLUM asked **Mr. Gilcrest** if he processes a lot of agriculture related loans at his bank in Ronan. **Mr. Gilcrest** explained that he has one registered producer that is involved in farm reproductive technology, but his bank is not financing the process.

SEN. MAHLUM asked **Ms. Mersen** if she works with the embryo transfers in the cattle industry. **Ms. Mersen** said no, she just works as an attorney for a number of clients involved in reproductive technology.

SEN. KEN HANSEN asked **REP. YOUNKIN** what other states are doing in terms of farm reproductive technology. **REP. YOUNKIN** said she didn't know but she thinks the 30 day waiting period is pretty typical on liens of this type.

SEN. LINDA NELSON congratulated the proponents on coming up with a compromise before the hearing because it makes the job of being a senator so much easier.

SEN. KEITH BALES asked **Mr. Franklin** if the lien begins at the time the merchandise is delivered with an agriculture loan. **Mr. Franklin** explained that the time line was exactly what could not be agreed upon with the bill. He said he would have liked to have seen the bill changed to 30 days from the delivery of the cow or the bull because that is extremely specific. He noted that would be best because it is easier to find out when a cow or bull was delivered. He said 30 days from harvesting embryos or collecting semen is not specific enough because it is not always known when the specimens were collected. Despite this objection, he said he is still in favor of the bill and the proposed amendments. He ended by saying that the 30 day time limit was typical. **SEN. BALES** further asked if the effects of the bill would mean that anyone working with embryo transplants would have to notify the bank the minute they get to the collection lab in order to make sure that they were covered. **Mr. Franklin** said probably not because there has been some discussion as to whether or not a person could file this particular type of lien on embryos before the embryos were even gathered. Furthermore, if the embryo is filed on the cow the day it gets there, it creates confusion. That is why the bill was changed to 30 days after the embryos were collected.

Closing by Sponsor:

REP. CINDY YOUNKIN, HD 28, BOZEMAN, reviewed the bill and asked that it be amended. She closed on HB 648.

ADJOURNMENT

Adjournment: 4 P.M.

SEN. KEITH BALES, Chairman

JENNIFER STEPHENS, Secretary

KB/JS

EXHIBIT (ags66aad)